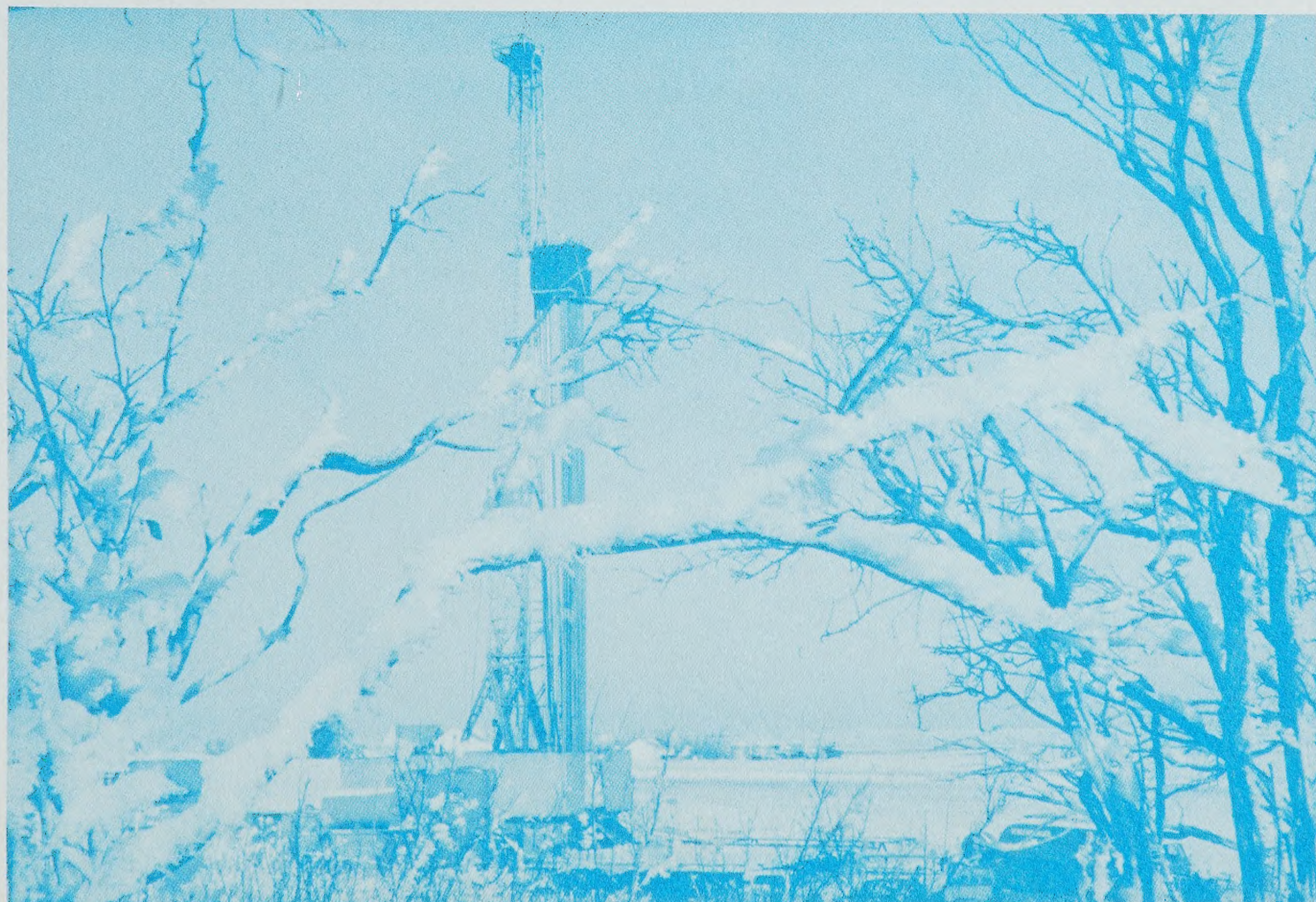



AR29

# BRALSAMAN PETROLEUMS LIMITED

ANNUAL REPORT 1968







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# **BRALSAMAN PETROLEUMS LIMITED**

And Subsidiary Company

## **DIRECTORS AND OFFICERS**

J. M. PIERCE, President and Director	. . . . .	Calgary, Alberta
W. B. MILNER, Director	. . . . .	Vancouver, B.C.
P. F. BRONFMAN, Director	. . . . .	Montreal, Quebec
J. S. FISHER, Director	. . . . .	Calgary, Alberta
A. G. THOMPSON, Director	. . . . .	Winnipeg, Manitoba
A. G. HALL, Vice-President	. . . . .	Calgary, Alberta
D. G. FLANAGAN, Secretary Treasurer	. . . . .	Calgary, Alberta

## **REGISTRAR AND TRANSFER AGENT**

### **National Trust Company Limited**

510 Burrard Street, Vancouver, B.C.  
330 - 8th Avenue S.W., Calgary, Alberta  
250 Portage Avenue, Winnipeg, Manitoba  
21 King Street E., Toronto, Ontario  
1350 Sherbrooke Street W., Montreal, Quebec

and through its agent, Canada Permanent Trust Company,  
at its office at 1646 Barrington Street, Halifax, Nova Scotia.

## **SOLICITORS**

### **MacKimmie, Matthews, Wood, Phillips & Smith**

505 - 2nd Street S.W., Calgary, Alberta

## **AUDITORS**

### **Riddell, Stead, Graham & Hutchison**

407 - 8th Avenue S.W., Calgary, Alberta

## **BANKERS**

### **The Royal Bank of Canada**

Main Branch, Calgary, Alberta

## **PRINCIPAL BUSINESS OFFICE**

Second Floor, 300 - 5th Avenue S.W., Calgary 1, Alberta

## **REGISTERED OFFICE**

1500 Royal Bank Building  
675 W. Hastings Street, Vancouver, B.C.

## **HIGHLIGHTS IN REVIEW**

1. Change in control.
2. Successful underwriting nets treasury \$2,000,000.
3. Acquired interest in 63,500 acres on North Slope of Alaska and 2,000,000 acres in the Canadian Arctic.
4. Acquired an interest in 944,100 acres in Wollaston Lake uranium area of Saskatchewan.
5. Mitsue unitized and water flood commenced.
6. Participated in oil discovery at Zama.
7. Participated in Rainbow development well.



## ***Shareholders of Bralsaman Petroleums Limited***

During the year 1968 several significant changes were made in your Company. In September, 1968 593,432 shares of Bralsaman were purchased from Transcontinental Resources Limited by Resource Ventures, Inc., a Wyoming corporation. This acquisition, at that time, represented 77% of the issued and outstanding stock of the Company. With the exception of Mr. W. B. Milner, the previous Board of Directors resigned and a new Board was appointed. Bralsaman is now being managed by Ranger Oil (Canada) Limited under a management contract and the head office has been moved to Calgary, Alberta.

On January 7, 1969 the authorized capital of Bralsaman was increased from 1,000,000 shares to 2,000,000 shares of \$1.00 each par value. Subsequent to the increase in authorized capital, the Company through a very successful underwriting, issued 400,000 shares at \$5.00 net to Bralsaman. These shares were issued to the public through Richardson Securities of Canada at a price of \$5.35 per share and were all subscribed for well in advance of the distribution. The \$2,000,000 received by the Company on March 6, 1969 is presently invested in short term deposits. These funds will be used for exploration and development of existing properties as well as any new exploration ventures in which the Company may participate.

### **EXPLORATION**

During the last half of 1968, Bralsaman acquired an interest in approximately 63,500 acres on the North Slope of Alaska where Atlantic Richfield and Humble made a significant oil discovery. The Company also participated with Ranger and Resource Ventures in acquiring 1.5 million acres in the Beaufort Sea, as well as 500,000 acres in the Sverdrup Basin of the Arctic Islands. Bralsaman also participated with Ranger and Resource in acquiring an interest in 944,100 acres in the Wollaston Lake Area of Saskatchewan where a major uranium discovery has been reported.

Through a joint participation agreement with Ranger and Resource, Bralsaman will be much more active in exploring for oil, gas and minerals in the future.

### **FINANCIAL**

Net income for the year ended December 31, 1968 was \$203,378 including an extraordinary gain of \$188,613. Net income for 1967 was \$120,402 which included an extraordinary gain of \$131,080. Operating cash flow for 1968 was \$41,985 compared to \$17,488 in 1967. Revenues are

expected to increase in 1969 from the Mitsue field which commenced secondary recovery in 1968 and from the Rainbow area where the Company participated in a successful development well.

## **PRODUCTION**

Net oil production after royalties in 1968 increased 4% to 21,422 bbls. as compared to 20,585 bbls. in 1967. As mentioned above, production in 1969 is expected to increase particularly from the Mitsue and Rainbow fields.

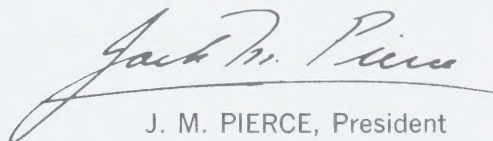
## **LAND**

During the last few months Bralsaman has substantially increased its land position to where it now has an interest in 2,197,860 acres. The Company's net acreage as at May 8, 1969 is 219,695 acres.

## **RANGER OIL (CANADA) LIMITED**

Bralsaman presently owns 147,878 shares of Ranger Oil (Canada) Limited of which 2,300 shares were acquired since the year end at an average cost of \$10. We would be pleased to forward a copy of Ranger's annual report upon request.

Respectively Submitted on Behalf of  
The Board of Directors

A handwritten signature in cursive script, reading "Jack M. Pierce", written over a horizontal line.

J. M. PIERCE, President

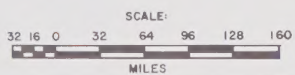
# BRALSAMAN PETROLEUMS LIMITED

## ALBERTA AND SASKATCHEWAN LAND HOLDINGS

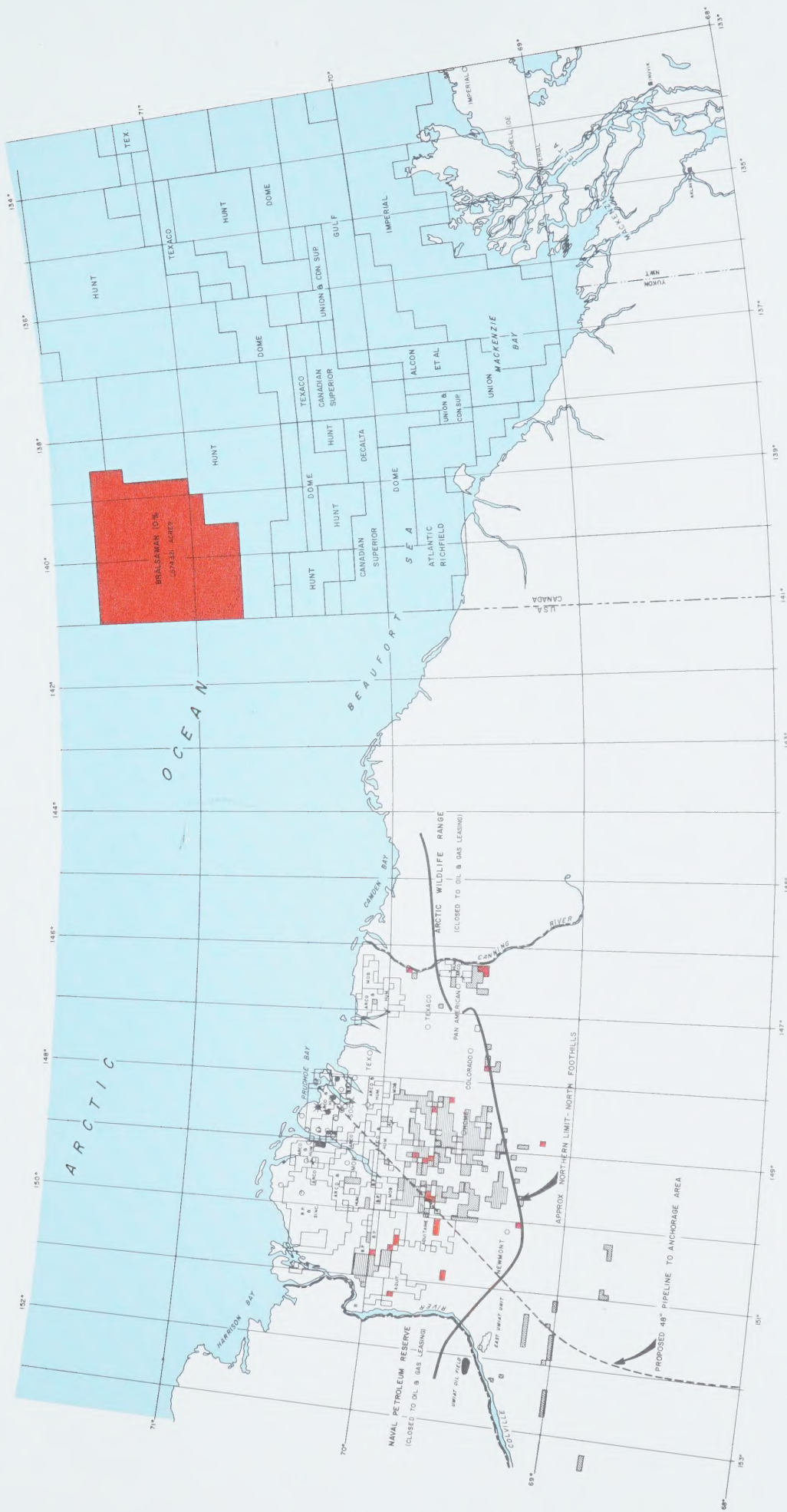


### LEGEND

■ AREAS IN WHICH COMPANY HAS AN INTEREST







# BEAUFORT SEA - MACKENZIE DELTA

## ALASKA, NORTH SLOPE

- LOCATION OR DRILLING
- OIL
- ✱ OIL & GAS
- ◇ DRY & ABANDONED



- BRALSAMAN 10%, 20,793 ACRES ON SHORE
- BRALSAMAN 3%, 12,492 ACRES ON SHORE
- HOME OIL - 100%
- HOME ARCO FARMOUT LANDS

# BRALSAMAN PETROLEUMS LIMITED

And Subsidiary Company

## ASSETS

	<u>1968</u>	<u>1967</u>
CURRENT ASSETS		
Cash . . . . .	\$ 166,550	\$ 34,160
Accounts receivable . . . . .	<u>11,120</u>	<u>38,539</u>
	<u>177,670</u>	<u>72,699</u>
INVESTMENTS, at cost (Note 3)		
(quoted market value \$1,893,914; 1967 — \$968,110) . . . . .	<u>321,149</u>	<u>349,438</u>
FIXED ASSETS, at cost		
Petroleum and natural gas leases and rights together with development and equipment thereon . . . . .	891,243	755,261
Accumulated depletion and depreciation . . . . .	<u>250,739</u>	<u>223,519</u>
	<u>640,504</u>	<u>531,742</u>
OTHER ASSETS . . . . .	<u>8,948</u>	<u>1,808</u>
	<u>\$1,148,271</u>	<u>\$ 955,687</u>

The accompanying notes are an



# Consolidated Balance Sheet

as at December 31, 1968

## LIABILITIES

	<u>1968</u>	<u>1967</u>
CURRENT LIABILITIES		
Accounts payable . . . . .	\$ 36,974	\$ 47,768

## SHAREHOLDERS' EQUITY

### CAPITAL STOCK (Note 4)

Authorized

2,000,000 shares of \$1 each, par value

Issued

775,000 shares . . . . .	775,000	775,000
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CONTRIBUTED SURPLUS (no change during year) . . .	585,712	585,712
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DEFICIT . . . . .	(249,415)	(452,793)
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	<u>1,111,297</u>	<u>907,919</u>
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Approved on behalf of the Board:

J. M. PIERCE Director

J. S. FISHER Director

\$1,148,271

\$ 955,687

# BRALSAMAN PETROLEUMS LIMITED

And Subsidiary Company

## CONSOLIDATED STATEMENT OF EARNINGS AND DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1968

	<u>1968</u>	<u>1967</u> (Note 6)
REVENUE		
Petroleum and natural gas . . . . .	\$ 57,922	\$ 52,892
Interest . . . . .	17,627	300
	<hr/> 75,549	<hr/> 53,192
EXPENSES		
Production . . . . .	13,806	12,075
General and administrative . . . . .	19,631	17,819
Interest . . . . .	127	5,810
Properties surrendered . . . . .	—	5,985
Depletion . . . . .	14,431	11,713
Depreciation . . . . .	12,789	10,468
	<hr/> 60,784	<hr/> 63,870
NET EARNINGS (LOSS) BEFORE EXTRAORDINARY ITEMS .	<hr/> 14,765	<hr/> (10,678)
Extraordinary items		
Gain on sale of investments . . . . .	190,421	131,080
Organization expenses written off . . . . .	(1,808)	—
	<hr/> 188,613	<hr/> 131,080
NET EARNINGS . . . . .	203,378	120,402
Deficit at beginning of year . . . . .	<hr/> 452,793	<hr/> 573,195
DEFICIT AT END OF YEAR . . . . .	<hr/> <hr/> \$ 249,415	<hr/> <hr/> \$ 452,793

The accompanying notes are an integral part of this financial statement.



# BRALSAMAN PETROLEUMS LIMITED

And Subsidiary Company

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1968

	1968	1967 (Note 6)
<b>SOURCE OF FUNDS</b>		
Net earnings (loss) before extraordinary items . . . . .	\$ 14,765	\$ (10,678)
Charges not involving funds		
Depreciation and depletion . . . . .	27,220	22,181
Properties surrendered . . . . .	—	5,985
	<hr/> 41,985	<hr/> 17,488
Proceeds from sale of investments . . . . .	293,302	219,826
	<hr/> 335,287	<hr/> 237,314
 <b>APPLICATION OF FUNDS</b>		
Investments . . . . .	74,591	14,136
Fixed assets . . . . .	135,983	127,249
Other assets . . . . .	8,948	—
	<hr/> 219,522	<hr/> 141,385
 INCREASE IN WORKING CAPITAL . . . . .	115,765	95,929
Working capital (deficiency) at beginning of year . . . . .	24,931	(70,998)
 WORKING CAPITAL AT END OF YEAR . . . . .	<hr/> <hr/> \$ 140,696	<hr/> <hr/> \$ 24,931

The accompanying notes are an integral part of this financial statement.

# BRALSAMAN PETROLEUMS LIMITED

And Subsidiary Company

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 1968

### NOTE 1 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of the Company include the accounts of the Company's only subsidiary, Bralsaman, Incorporated (wholly-owned).

### NOTE 2 ACCOUNTING POLICIES

#### (a) Petroleum and Natural Gas Properties

It is the Companies' policy to charge all exploration expenses to earnings as incurred. Lease acquisition costs and carrying charges of non-producing properties are capitalized and are charged to earnings when the property is determined to be unproductive. The cost of drilling a productive well is capitalized and the cost of an unproductive well is charged to earnings when the well is determined to be dry. The costs of producing leases and producing wells are amortized using the unit of production method based upon estimated recoverable quantities of gas and oil as determined by the Company.

Depreciation is provided in the accounts at rates and on methods designed to amortize the costs of depreciable properties over their useful lives.

#### (b) Foreign Currency

Amounts in foreign currency are converted to Canadian dollars on the following bases:

- (i) Current assets and current liabilities, at the rate of exchange in effect as at the balance sheet date.
- (ii) Fixed assets, at the rate of exchange in effect at the date of acquisition.
- (iii) Revenue and expenses, at the average rate of exchange for the year.

### NOTE 3 INVESTMENTS

Investments include 145,578 shares of Ranger Oil (Canada) Limited at a cost of \$317,529 with a market value of \$1,892,514 based upon closing market prices on The Toronto Stock Exchange at December 31, 1968. The market value is not necessarily indicative of the amount that would be realized if that investment were sold.

### NOTE 4 CAPITAL STOCK

On December 18, 1968 the Company, by special resolution of the shareholders, increased its authorized capital from 1,000,000 shares of \$1 each, par value, to 2,000,000 shares of \$1 each, par value.

Under the terms of an underwriting agreement dated February 7, 1969, the Company issued 400,000 shares for a total cash consideration of \$2,000,000 less share issue expenses of \$36,000.



## NOTE 5 INCOME TAXES

For Canadian tax purposes, exploration and development expenditures including costs of certain oil and gas rights, may be deducted to the extent of income as defined and any excess may be carried forward to subsequent years. As at December 31, 1968 the Company had approximately \$800,000 of such expenditures available (subject to assessment by taxation authorities) to apply against any taxable income of future years.

## NOTE 6 CHANGES IN 1967 EARNINGS AND DEFICIT

1967 consolidated earnings have been adjusted for items previously reflected in the consolidated statement of deficit.

## NOTE 7 REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Remuneration paid during 1968 to directors and senior officers totalled \$27,275.

## AUDITORS' REPORT

TO THE SHAREHOLDERS  
BRALSAMAN PETROLEUMS LIMITED

We have examined the consolidated balance sheet of Bralsaman Petroleum Limited and subsidiary company as at December 31, 1968 and the consolidated statements of earnings and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

RIDDELL, STEAD, GRAHAM & HUTCHISON  
Chartered Accountants

Calgary, Alberta.  
March 31, 1969.











# BRALSAMAN PETROLEUMS LIMITED

## INFORMATION CIRCULAR

This circular is furnished in connection with the solicitation of proxies by the management of Bralsaman Petroleums Limited (hereinafter sometimes called the "Company") for use at the Annual General Meeting of the Shareholders of the Company to be held at the Head Office of the Company, 300 - 5th Avenue S.W., Calgary, Alberta on June 27, 1969 at 2 o'clock in the afternoon, M.S.T., for the purposes set forth in the notice of the meeting accompanying this information circular. The cost of solicitation will be borne by the Company. Information contained herein is given as of May 8, 1969.

## PROXY

A form of proxy is attached to the Notice of the Annual General Meeting which accompanies this information circular. Any person or company giving such proxy shall have the power to revoke such proxy at any time prior to the meeting provided such revocation is unconditional and signed and deposited with the Secretary of the Company or the scrutineers at or prior to the commencement of the said meeting.

**The proxy shall confer discretionary authority with respect to:**

- (a) amendments or variations to matters identified in the said notice of meeting, or
- (b) other matters which may properly come before the meeting

provided that the Company is not aware, a reasonable time prior to the time this solicitation is made, that any such amendments, variations or other matters are to be presented for action at the meeting.

The shares represented by the proxy will be voted for the election of directors in favor of the persons named herein and will be voted to reappoint Riddell, Stead & Co. as auditors of the Company and unless the contrary interest is shown on the proxy, will be voted in favor of the approval of the Joint Operations Agreement between Bralsaman Petroleums Limited, Ranger Oil (Canada) Limited and Resource Ventures, Inc. dated December 27, 1968. Where the person or company submitting such proxy specifies a choice with respect to any matters identified in the proxy the shares shall be voted in accordance with the specifications so made, and subject to any applicable law relating to the conduct of a vote by ballot.

The person or company submitting the proxy shall have the right to appoint a person to represent him or it at the meeting other than the person or persons designated in the form of proxy as submitted by the Company and such appointment may be exercised by the deletion or striking out of the persons so designated and inserting in the blank space provided in the proxy the name of the appointed representative, such deletion or striking out to be initialled by the person or officers signing such proxy.

## Voting Shares and Principal Holders

There are presently issued and outstanding 1,175,000 common shares of the Company with a par value of \$1.00, the holders of which are entitled to one vote for each such share registered in their name. Holders of common shares of record at the time and date of the meeting are entitled to vote at the meeting. The register of transfers will not be closed.

During 1968 a majority of the outstanding common shares of the Company were acquired by Resource Ventures, Inc., a Wyoming company. After the underwriting of 400,000 shares in March, 1969 Resource owned approximately 51% of the outstanding shares.



The operations of both the Company and Resource Ventures, Inc. are being carried out under a management contract with Ranger Oil (Canada) Limited which company's offices are also located at 300 - 5th Avenue S.W., Calgary, Alberta. Details of this contract are outlined in this circular.

Mr. J. M. Pierce, President and a Director of the Company is also President and a Director of Ranger and President and Director of Resource.

Mr. P. F. Bronfman, a Director of the Company is also a Director of Resource and a brother of one of the Directors of Ranger.

Each of the following owns of record and beneficially, directly or indirectly, more than 10% of the 1,631,364 shares outstanding of Resource Ventures, Inc.:

<i>Name and Address</i>	<i>Number of Shares of Resource Owned</i>	<i>Percentage of Class</i>
John Michael Pierce, 716 Elbow Drive S.W., Calgary 6, Alberta.	370,000	22.68%
Cazenove & Co., Stock Brokers, 12 Tokenhouse Yard, London, E.C.2, England.	250,000	15.32%
William Binney Milner, 2890 S.W. Marine Drive, Vancouver 13, British Columbia.	178,000	10.91%
Carl H. Pforzheimer & Co. Group, Investment Bankers, 25 Broad Street, New York, New York, 10004.	175,000	10.73%
Bronfman Group, 400, 2055 Peel Street, Montreal 110, Quebec.	200,000	12.26%

### **Election of Directors**

The following are the names of the persons for whom it is intended that votes will be cast for their election as directors pursuant to the proxy which is hereby solicited: J. M. Pierce, W. B. Milner, J. S. Fisher, P. F. Bronfman, A. G. Thompson, and R. A. N. Bonnycastle.

The term of office for each director is from the date of the meeting at which he is elected until the annual meeting next following or until his successor is elected or appointed.

### **Information Concerning Nominees as Directors**

<i>Name</i>	<i>Principal Occupation</i>	<i>Year first became a director</i>	<i>Common Shares beneficially owned directly or indirectly</i>
J. M. Pierce, P.Eng.	President of the Company	1956	1
W. B. Milner	Retired Executive	1952	1
J. S. Fisher	Solicitor, Partner MacKimmie, Matthews, Wood, Phillips & Smith	1968	1
P. F. Bronfman	President of Edper Investments Ltd.	1968	1
A. G. Thompson	Partner of Richardson Securities of Canada	1968	1
R. A. N. Bonnycastle	President of Harlequin Enterprises Lim- ited	Not Applicable	nil

The principal occupations of each of the directors and officers of the Company during the past five years are as follows:

Mr. Pierce is and has been for the past five years a consulting geologist and the president and a director of Ranger Oil (Canada) Limited and a director of the Company.



Mr. Milner was president and is and has been a director of the Company for the past five years.

Mr. Bronfman is and has been president of Edper Investments Ltd., a family investment company.

Mr. Thompson is a partner of Richardson Securities of Canada. Prior to becoming a partner he served the firm in senior executive positions.

Mr. Fisher is a partner of MacKimmie, Matthews, Wood, Phillips and Smith, Barristers and Solicitors, Calgary, the Company's solicitors. Prior to becoming a partner he was an associate of the firm.

Mr. Bonnycastle is president of Harlequin Enterprises Limited. Prior to joining Harlequin Mr. Bonnycastle was special representative of Richardson Securities of Canada.

#### **Remuneration of Management and Others**

The aggregate direct remuneration paid or payable by the Company and its subsidiaries, whose financial statements are consolidated with those of the Company, to the Directors and Senior Officers of the Company during the calendar year ending December 31, 1968 was \$27,675.

#### **Auditors**

It is intended that the designees named in the proxy forms submitted by the Company would vote shares represented by such proxies, if not expressly provided to the contrary in such proxy, to re-appoint the firm of Riddell, Stead & Co. (who changed their name from Riddell, Stead, Graham & Hutchison), the present auditors, as auditors of the Company to hold office until the next annual meeting of shareholders. Riddell, Stead & Co. were appointed auditors of the Company in 1968.

#### **Joint Operations Agreement**

On December 27, 1968 Ranger, Bralsaman Petroleums Limited and Resource Ventures, Inc. entered into an agreement effective from September 1, 1968 pursuant to which Ranger agreed to act as operator to explore for and develop oil and gas reserves for the joint account of the 3 parties and to submit to Bralsaman and Resource all new oil and gas prospects granting to them the right to participate to the extent of 10% and 15% respectively in all new ventures of Ranger in Continental and Offshore North America. Under this agreement Bralsaman and Resource have each agreed to pay a management fee of \$1,000 per month. The agreement may be terminated by Bralsaman and Resource on 3 months' notice and by Ranger on 6 months' notice.

These arrangements permit the Company to operate as an independent oil company while at the same time have performed for it many of the functions which would otherwise have to be carried on by an exploration department.

May 8, 1968.

BY ORDER OF THE BOARD OF DIRECTORS,

D. G. FLANAGAN.

*Secretary.*

